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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 01/19/07

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ARTICLES:

(1) Okinawa governor says before meeting of Futenma consultative panel, "I'll make efforts to bring it about, centering on government's plan"

ASAHI (Page 3) (Full)
Eve., January 19, 2007

The third round of talks at the consultative council composed of the central government and local governments to discuss the relocation

of the US Marine Corps Air Station Futenma (in Ginowan City, Okinawa Prefecture) in line with the realignment of US forces in Japan was held at the Prime Minister's Official Residence (Kantei) this morning. In the session, the central government gave a briefing on the background of the agreement reached in last May by Japan and the United States for the construction of V-shaped runways, and it outlined the proceedings and other steps that needed to be taken before the start of construction. In response, Okinawa Gov. Hirokazu Nakaima emphasized he would be positive about moving ahead with negotiations, noting: "In line with the basic confirmation exchanged in last May between the central government and the Okinawa prefectural government (to follow the government's plan in principle), I will make efforts in the future, as well, to implement the plan at an early date as much as possible."

Meeting the press after the session, Nakaima stated, "If the talks reach an agreement, centering on (the central government's plan), I must work to help make that occur." Nakaima thus indicated a certain degree of understanding toward the central government's plan. On the other hand, he indicated there was need for fine-tuning to the plan, noting: "Given such problems as the environment, I think a form different from the current one will at least be necessary."

Meanwhile, during the council's informal talks, Nago Mayor Yoshikazu Shimabukuro suggested moving the location shown in the government's plan southwestward toward the sea, saying, "I think it is better for the runways to be constructed as far as possible from the settlements. Speaking for the government, Defense Minister Kyuma went no further than to say: "I'd like to work hard to iron out differing views." After the council session, Nakaima called on Prime Minister Abe and asked for continued economic assistance measures.

(2) Japan, US, Australia urged to conclude international peace

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cooperation agreement

SANKEI (Page 15) (Abridged)
January 19, 2007

By Satoshi Morimoto, director of Takushoku University Institute of World Studies

It is a great pleasure to see that the Defense Agency has been upgraded to a ministry. It was a bit regrettable, however, that the agency was not made into "national defense ministry."

What is more important is that the Self-Defense Forces' international peace cooperation activities have been upgraded to primary duties. As the next step, the Defense Ministry and the SDF are urged to improve their equipment and organizations and train themselves in order to engage in international peace cooperation activities in an effective manner. At the same time, the government must study such factors as the need to actively carry out international cooperation activities, to what extent cooperation must be extended, and effective implementation measures.

In carrying out international peace cooperation activities, close cooperation with the United States will remain vital. The two countries have worked closely in all areas.

Strictly speaking, international peace cooperation would be on a different plane from Japan-US cooperation that is premised on an armed attack on either of them in Japanese territories under the US-Japan Security Treaty. It is desirable for the two countries to conclude an international cooperation activities treaty. The US, however, does not intend to do so at present.

Over the last half-century, Japan-US security relations have always moved forward under the leadership of the United States, and Japan's defense capability has also been improved to complement US forces. The time has come for Japan to play a central role in conducting international cooperation activities in the Asia-Pacific region and the United States to assist Japan.

The two countries should also cooperate with Australia in a wide

range of areas, such as international peace-building, search and rescue, disaster relief, communicable disease relief, humanitarian and reconstruction assistance, antiterrorism measures, nonproliferation of weapons of mass destruction, free navigation in sea lanes, guarding, surveillance, logistical support, and information exchanges.

It would be desirable for a large number of countries, including ASEAN, China, and India in addition to Japan, the United States, and Australia, to conclude multilateral peace cooperation agreements to engage in exercises and activities.

The United States is trying to build a strategic base system with its bases in Guam. Japan should lease US base facilities to make them into a forward base to be used in training, servicing, and stockpiling by the SDF in conducting international cooperation activities in the Asia-Pacific. The joint use of facilities in Tinian, Micronesia, the Mariana Islands, the northern part of Australia, Guam, and Okinawa is also worth considering. The deployment of SDF troops to such areas would require additional status of forces agreements that would entail international cooperation agreements.

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In order for the SDF to smoothly carry out international cooperation activities overseas, the government must resolve the question of exercising the right to collective self-defense, establish a permanent law specifying general standards for deploying SDF troops overseas, and determine grounds, Diet procedures, arms criteria, and specific activities, as well. Many players besides the SDF must also join international cooperation activities, such as ODA (official development assistance) funds, nongovernmental organizations (NGOs), and nonprofit organizations (NPOs). But that would require the establishment of a basic international peace cooperation law.

Needless to say, the SDF's primary duty is to defend the homeland, sovereignty, the state, and its people. That duty must come before international cooperation. In my view, Japan's defense capabilities are hardly sufficient to defend the state. Objectively speaking, the severe environment surrounding East Asia would not allow Japan to reduce its defense capabilities. International cooperation activities and Japan-US alliance cooperation would increase SDF roles, duties, and functions. People, not the state, would be held responsible for the outcome of the paradoxical combination of increasing SDF rules and duties on the one hand and reducing defense capabilities on the other.

Although it was good that international cooperation activities have been upgraded to primary duties, the country's defense capabilities are far from sufficient to conduct them effectively. The government must resolutely enact necessary policies and laws.

(3) Editorial: Bid-rigging involving Land, Infrastructure and Transport Ministry; Time for investigative officials to step in

ASAHI (Page 3) (Full)
January 19, 2007

To no one's surprise, the Ministry of Land, Infrastructure and Transport Ministry (MLIT) was found to be involved in big-rigging activities.

MLIT receives lists of expected successful bidders for river floodgate construction projects from coordinators of the civil engineering industry and gives approvals. At times it handpicked successful bidders or issued the so-called "voices from heaven" orders through former ministry officials.

This is the language used by the Fair Trade Commission (FTC) to describe how MLIT carried out bid-rigging activities. The FTC has decided to apply the Law for the Prevention of Collusive Bidding at the Initiative of Government Officials for the first time to a central government agency. It will convey to MLIT that the Commission found it to have been involved in the bid-rigging activities in question and order that the ministry correct the

situation.

MLIT is in charge of a 5.6 trillion yen budget for public works projects. This is 80% of the entire government budget for public works. It is also granted with the authority to prevent bid-rigging activities by other government agencies and local governments. It is outrageous that the watchdog itself has broken the law.

Bureaucrat-led bid-rigging activities have been successively discovered since the 1993 corruption cases involving general construction contractors. Following these cases, the preventive law

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was established. And yet, MLIT did not stop engaging in bid-rigging practices. This fact indicates how deeply its bid-rigging activities had taken root.

Behind this situation is the practice that retired MLIT officials land jobs at companies, which they previously used to regulate. In a bid-rigging scandal for projects sponsored by the Defense Facilities Administration Agency, the Tokyo High Court sentenced a former technical councilor to one year and six months in prison, noting, "The defendant wasted a large amount of money in exchange for securing post-retirement jobs for officials."

Most of the 20 companies that occupied the upper echelon of the list of successful bidders for MLIT-sponsored floodgate construction projects had agreed to hire retired MLIT officials. As long as such a collusive structure between the bureaucracy and the private sector is in place, the problem will never be solved. We suggest that the practice of retired senior officials landing cushy jobs in related private companies should be banned.

Even so, there are some points that cannot be understood.

The FTC found only two officials - an assistant division director of MLIT and a control officer of the Kinki Regional Construction Bureau, who is already dead -- were involved in the bid-rigging activities involving the floodgate construction projects. It is hardly likely that they were the only persons involved in the series of bureaucrat-led bid-rigging activities. Were their predecessors or superiors unaware of such activities? Isn't it the case that the entire organization was involved in the activities?

In another floodgate construction work, a former executive advisory engineer who was in the top position among technical officials, and the former chief of the Geographical Survey Institute were the only persons who are suspected of being involved. It is said that since the two became involved in the activities after they retired from MLIT, the law cannot be applied to them, because it targets only incumbent government officials. However, isn't there a possibility of their having been involved before retirement, too?

The FTC must unravel the full extent of all those cases.

This law is dubbed a loophole law, because it only leaves the prevention of bid-rigging practices up to the project sponsors' self-initiative. It was not until last December that a criminal punishment clause was incorporated. This regulation will not be applied this time.

If the FTC claims that it is impossible for it to pursue the case any further, since the criminal punishment is not to be applied, it can file a criminal complaint with public prosecutors. Public prosecutors have thus far cracked down on bureaucrat-led bid-rigging activities applying the complicity rule under the Anti-Monopoly Law and the regulation that bans blocking open public bidding under the criminal law, without solely adhering to the Law for the Prevention of Collusive Bidding at the Initiative of Government Officials.

The FTC should not leave the investigation into the case up in the air, just because the concerned law is limited in what it can do.

(4) Abe administration (Part 2): Support organizations unable to gauge distance with LDP

NIHON KEIZAI (Page 2) (Full)
January 17, 2007

"This year is the year of political battles," said Liberal Democratic Party (LDP) Secretary General Hidemao Nakagawa at a LDP board meeting on Jan. 16. The LDP's action plan to be revealed at its annual convention tomorrow sets the strengthening of exchanges with main support organizations as the top priority to expand party strength.

Toranosuke Katayama, secretary general of the LDP caucus in the House of Councilors, met on Dec. 8 last year with senior members of the designated post office heads across the country. The LDP cut last year its ties with Taiju, a political organization composed of retired special postmasters, because then Prime Minister Junichiro Koizumi asked for the people's vote of confidence in the propriety of his postal privatization plan in the House of Representatives election. With an eye on the upcoming House of Councilors election, Katayama has been looking for the possibility of repairing its relations with Taiju.

About 110,000 Taiju members used to support the LDP, but the number has now decreased to 6,000. A senior member of the designated postmasters association adamantly said: "It is difficult to reconcile the relationship by just one meeting. We are determined to support individual politicians not the party in elections." The postmasters association is also concerned about such problems as downsizing. It is now mulling which party or politician it will invite to its convention to be held in May in Hiroshima.

At a press conference on Jan. 10, Japan Medical Association President Yoshihito Karasawa criticized reform of the medical system, saying, "Since the medical system has been reformed based on the policy of attaching priority to the nation's financial situation, various problems have come up in medical institutions." He had the reforms in the healthcare sector in April 2008 firmly in mind when he said that.

Karasawa called on Secretary General Nakagawa and General Council Chairman Yuya Niwa early in January. Haruo Uematsu, Karasawa's predecessor, was forced to accept the largest ever cut in payments to medical institutions, and he remained at odds with the Koizumi government. Karasawa, therefore, has been working on improving the JMA's ties with the government since he assumed the presidential post last spring.

An LDP lawmaker in the health and welfare policy clique in the Diet predicted: "It would be difficult to obtain 200,000 votes from JMA. In addition to the fact that the JMA presidential election left an ill feeling, a political support organization set up last year by dental technicians and occupational therapists has backed another LDP candidate than the one the party desired. The LDP cannot expect to obtain the several tens of thousands votes that JMA controls."

At a meeting of an organization of construction affiliated companies on Jan 4 in Niigata City, a senior organization official told Nobuaki Sato, former administrative vice minister of land, infrastructure and transport, who will run in the Upper House election: "Large urban areas are enjoying the economic boom. But the social divide is clear between the urban and rural areas." Although the senior official was enthusiastic about making specific requests of the Abe administration, there was a cold mood in the construction industry. The Associated General Constructors of Japan, Inc. member

companies decreased by about 5,000 over the past five years of the Koizumi government. One Upper House member grumbled about a decline in the organizational power, saying, "Setting aside cooperate managers, rank-and-file workers do not work for politicians."

The LDP and its support organizations are trying to come cross again. The main opposition party, Minshuto (Democratic Party of

Japan), however, aims at slicing down the LDP support groups, by using such tactics as the fielding of a former senior member of the Junior Chamber of Commerce.

A senior LDP member made this cold comment: "The time when a candidate backed by an industrial organization can secure up to one million votes has ended."

(5) Scramble for natural resources - Part 10 (conclusion): Development of gas fields lies as thorn in Japan-China relations; Doubts cast over "early joint development"

YOMIURI (Page 9) (Excerpts)
January 18, 2007

Prime Minister Abe and Chinese Premier Wen agreed in their meeting on Jan. 14 in the Philippines to accelerate a solution of the issue of gas-field development in the East China Sea, focusing on "joint development." But few people take the agreement at face value. A senior officer of the Ministry of Economy, Trade and Industry (METI) grumbled: "The situation has not changed. It has been decided that China will make a proposal, but even the date for the next round of bureau-director-level talks has yet to be set. The thorn has not been removed."

The issue of gas-field development in the East China Sea is a thorn in relations between Japan and China. China has developed a gas field on the western side of the Japan-claimed median line separating the Japanese and Chinese exclusive economic zones (EEZ). China might exploit the natural resources on the Japanese side of the median line.

In the sixth round of Japan-China bureau director-level talks at the Diaoyutai State Guesthouse in Beijing on July 8 of last year, Japan called on China to stop the ongoing development until the two countries agreed on joint development. Participating in the talks were Foreign Ministry Asian and Oceanian Affairs Bureau Director General Kenichiro Sasae and (then) Resources and Energy Agency Director General Yorinobu Kodaira.

In response to Japan's request, Chinese Foreign Ministry's Asian Affairs Department Director General Hu Zhengyue repeated China's usual reply, "China is carrying out development in Chinese waters that are not under dispute by Japan," indicating an unwillingness to enter into discussion on specifics. Representatives from the National Development and Reform Commission were only there taking notes without making any statements.

In the talks that started in October 2004, Chinese officials have always made the same remarks. A Japanese negotiator vented, "They probably have received instructions from higher-ranking officials. None of the Chinese participants had any intention to seriously negotiate the issue."

Japan and China launched an energy struggle in 2004, triggered by newspaper reports about China's starting to develop the Chunxiao gas

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field on the Chinese side several kilometers from the median line.

China started a survey of natural resources in the East China Sea in the early 1970s. In November 1998, the nation constructed a mining facility on the Pinghu Oilfield. Though obtaining information about such moves by China, the Japanese government took no response measures. The government's idleness resulted in allowing China to create a fait accompli.

In a press conference in June 2004, then METI Minister Nakagawa expressed concern, saying, "China could be infringing on Japan's rights," highlighting the problem of China's oilfield development for the first time.

China has stopped exports of oil to Japan from the Daqing Oilfield after 31 years. This was because Japan rejected China's price-hike notice. In a project to develop the Tang Natural Gas Field in Indonesia, Mitsui & Co. prepared to buy some concessions, but China

National Offshore Oil Corp. (CNOOC) purchased the rights prior to Mitsui.

With relations between Japan and China improving under the Abe administration, a mood is prevailing that may lead to an easing of their standoff over energy.

METI Minister Amari visited China last December and agreed with China to set up a panel in order for Japan to transfer its energy-saving technologies to China. Just after the agreement, a Japan-China energy-saving and environment business promotion panel was established. A total of 220 steel, auto, electricity and trade companies have joined this council.

China International Affairs Research Institute Professor Hsia Yishan said: "Once relations between Japan and China are improved, the issue of gas fields in the East China Sea will fizzle out. The issue is the mirror of Japan-China relations."

China appears to be aiming to pigeonhole the gas field problem by promoting bilateral cooperation in the energy-saving and environment areas. Energy relations between Japan and China are dual in structure with a serious row hidden behind a veneer of friendship.

SCHIEFFER